



The President's Daily Brief

20 December 1972

45



~~*Top Secret*~~

25X1

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

20 December 1972

PRINCIPAL DEVELOPMENTS

Hanoi's propaganda seems designed to ensure that Washington, rather than Saigon, is blamed for the impasse in the peace talks. A Viet Cong editorial, meanwhile, has obliquely acknowledged the presence in South Vietnam of troops from the North. (Page 1)

Moscow's first reaction to the resumption of full-scale bombing of North Vietnam is milder than that of last April. (Page 2)

The celebration of the USSR's 50th anniversary this week may provide the occasion for a Warsaw Pact summit meeting dealing with East-West negotiations. (Page 3)

Both Moscow's ambassador in Peking and its chief negotiator on Sino-Soviet border talks have returned to Moscow. (Page 4)

Malta's Prime Minister Mintoff has reacted sharply to Britain's rejection of his demand for more money under the base agreement of last March. (Page 5)

General Prats' assumption of an active political role in Chile is dismaying opposition and government politicians alike. (Page 6)

A severe rice shortage in Indonesia is causing the government many headaches. Its ramifications could weaken President Suharto's position in the long run. (Page 7)

At Annex, we examine the growing intensity of the Sino-Soviet dispute, in which the shrill Chinese propaganda offensive has placed the Soviets on the defensive.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

Hanoi's denunciation of President Thieu's proposals of 12 December and its insistence that Thieu is a US puppet--as detailed in a Commentator article in the party daily on Monday--appear designed to make sure that Washington, rather than Saigon, is blamed for the stalled peace talks. Hanoi also seems to be trying to prevent any gain in Thieu's stature for his independent stance on negotiations.

On the same day the Viet Cong's Liberation News Agency published an editorial defending Hanoi's refusal to agree explicitly to withdrawal of North Vietnamese troops from the South. Obliquely acknowledging the presence of personnel from the North, it claimed that most of them are "fighters and sons" of the Vietnamese who had regrouped to the North under the 1954 Geneva Agreements.

This is the first known instance of such a propaganda claim, implying that the northerners are really southerners fighting in their "own homeland."

* * *

25X1

The Communists are continuing to rotate major combat units on the Quang Tri battlefield. [REDACTED]

[REDACTED]

25X1

[REDACTED]

25X1

* * *

[REDACTED]

25X1

FOR THE PRESIDENT ONLY

USSR-VIETNAM

Moscow has reacted to the resumption of full-scale bombing of North Vietnam with a relatively temperate TASS statement condemning the action and warning only that "governing circles in the USSR" are giving "most serious consideration" to the situation created by the US actions. The statement contrasts US deeds with the "numerous protestations of US leaders" about their desire to seek a mutually acceptable solution for "remaining uncoordinated problems." It adds that the resolution of the Vietnam problem will likely be further complicated by US acts.

The statement is not the last word on this score, but it is notably milder than that issued when the US resumed large-scale bombing last April. It contains no pledge of continuing support for the North Vietnamese and no threat that US actions in Indochina would complicate "the international situation as a whole," as was charged last spring.

The only official Chinese statement issued since the bombing has been a routine congratulatory message to the Viet Cong's Liberation Front on its anniversary. It makes no mention of the bombing.

FOR THE PRESIDENT ONLY

USSR

The celebration of the USSR's 50th anniversary this week will bring a number of foreign government and Communist party leaders and representatives to Moscow, but will offer little occasion for serious discussions, except perhaps among the East Europeans. General Secretary Brezhnev apparently will make a major speech. A Warsaw Pact summit meeting is likely during the week, and this would provide the opportunity to discuss the preparatory talks for the Conference on Security and Cooperation in Europe and to consider a Pact position on force reductions.

The Romanians are working hard to frustrate a common Pact line on CSCE matters and, conversely, to ensure their own involvement in force reduction talks. Both issues are likely to come up in Moscow this week.

FOR THE PRESIDENT ONLY

USSR-CHINA

Both Moscow's ambassador in Peking and its chief negotiator at the Sino-Soviet border talks flew back to Moscow on 16 December.

Presumably they returned for the plenum of the Central Committee on Monday. Ambassador Tolstikov is a member of the Committee, and Deputy Foreign Minister Ilychev, the chief negotiator, will be available to brief Soviet leaders on the frontier talks. Last year the two men came home shortly before the plenum, apparently for the same reason--and Ilychev delayed his return to China for four months.

This year the Soviets are even more concerned about the Chinese. They are clearly anxious to find some way to blunt the wide-ranging Chinese political offensive against them that has been gathering steam in recent months. At Annex, we examine Peking's recent tactics and the defensive reactions they have brought from Moscow.

FOR THE PRESIDENT ONLY

MALTA

Prime Minister Mintoff has reacted sharply to a letter from Prime Minister Heath rejecting his demand for compensation for the losses caused by London's floating of the pound. Heath said he expected all parties to the base agreement of last March (including other NATO countries) to observe the agreement in letter and in spirit.

Mintoff has told the US, West German, and Italian ambassadors that he interprets Heath's message as a threat to use force to maintain the British military presence on Malta after 31 December with the support of the allies. He says that unless the allies dissociate themselves from Heath's position "within 24 hours" he will raise the issue in the UN Security Council.

In many ways this clash appears to be a re-enactment of the end-of-year drama of 1971. This time, however, the British are even less inclined to seek a compromise, and they are backed by all the European NATO allies except Italy and Belgium.

FOR THE PRESIDENT ONLY

CHILE

General Prats' assumption of an active political role is dismaying opposition and government politicians alike.

Prats showed no hesitation in assuming responsibility as chief executive when President Allende left on 30 November for a two-week trip, although he had been interior minister only a little over three weeks.

25X1

when he met with Popular Unity (UP) party leaders early this month, he left no doubt as to who was running Chile in Allende's absence. He warned that the armed forces would tolerate neither reprisals against government opponents nor efforts to deny the opposition a political forum in the press or elsewhere. Prats also expressed concern over the irresponsible behavior by labor members of the UP parties, and said he meant to establish direct contact with workers himself.

the UP leaders-- particularly the Communists--expressed alarm over the implications of his aggressive behavior in the usually pro forma role of vice-president. They fear that he intends to enlarge the role of the armed forces in directing the country.

25X1

Opposition parties criticize other actions by Prats as partial toward the UP. On 15 December, Christian Democratic Party President Fuentealba accused Prats of a whole litany of misdeeds. The conservative National Party started criticizing Prats' conduct even earlier, following reports that Prats believes Chilean industrialists are feeding leftist extremism by trying to retain all their old privileges.

Prats apparently believes that only by expanding military influence in the government can he restore political calm for the elections next March. It is increasingly apparent that he relishes his new role, however, and he may harbor ambitions to become president himself.

FOR THE PRESIDENT ONLY

INDONESIA

A severe rice shortage, expected to persist for several months, has considerably embarrassed the government. The shortage has led to student protests in several cities, opposition allegations of corruption in the rice agency, wide press coverage of anti-government statements, and charges that manipulation by indigenous Chinese businessmen is the root cause of the rice shortage. [REDACTED]

25X1

25X1

25X1

Although the rice problem and its ramifications are not likely to create immediate political difficulties, they could weaken Suharto's position over the longer term. [REDACTED]

25X1

25X1

25X1

FOR THE PRESIDENT ONLY

NOTES

China: A freight car shortage has delayed some shipments of foodstuffs to North Vietnam. The shortages have been reported in various parts of China since the middle of the year, apparently because the freight car fleet is not growing rapidly enough to keep up with the general demand for rail services.

25X1

Peru-Cuba: A two-week visit to Cuba by a Peruvian military delegation could presage closer relations between the two countries, which renewed diplomatic ties last July. The 30 officers from all services, including prime minister - designate Mercado, were highly impressed with the quality of the Soviet weapons in the Cuban inventory. This may further incline Peru to buy Soviet arms at a time when the recent seizure of a US tuna boat has further dimmed the prospects for restoring US credits for military sales.

FOR THE PRESIDENT ONLY

SINO-SOVIET RELATIONS: A NEW SHRILLNESS

The intensity of the Sino-Soviet dispute has increased considerably over the past two months. The Chinese, who have been on the diplomatic and propaganda offensive throughout the period, have used a variety of means to press their case--hard-hitting speeches in the UN, authoritative People's Daily commentaries, comments to visiting delegations, stopover visits by Deputy Foreign Minister Chiao Kuan-hua in London, Paris, and Bucharest, and an economic mission to Eastern Europe. The immediate goals have been to impede any further movement toward detente between Moscow and the nations of Western Europe, to nip in the bud any improvement in relations between Moscow and Tokyo, and in general to project the image of Peking as a rational and moderate player in the global arena.

The Soviets, clearly on the defensive, are worried by the scope and vehemence of Chinese attacks and have responded with propaganda counter-attacks. The most authoritative of these was a speech by General Secretary Brezhnev on 30 November in which he was more outspoken in condemning Peking than he has been since the border talks began more than three years ago.

Europe

In Europe Peking has warned of the dangers of both a Conference on Security and Cooperation in Europe and negotiations on military reductions. The Chinese see these as Soviet ploys aimed at reducing pressure in the West in order to free Soviet military and diplomatic energy for use against China. They have missed no occasion to sow seeds of doubt about Soviet intentions by underlining Moscow's past use of military force and insisting that Moscow simply cannot be trusted. Chinese spokesmen have also argued that a mutual reduction of US and Soviet forces would give Moscow a strategic edge because US forces could not return to Europe quickly enough to meet a Soviet conventional attack. They have even made it known that they approve of Europe's continued reliance on the US nuclear umbrella and favor a strong NATO.

Moscow is clearly concerned over these Chinese attempts to frustrate their initiatives in Western Europe. The Soviets were obviously annoyed at Chiao's European junket. The USSR lashed out at the UK following British Foreign Secretary Douglas-Home's visit to Peking and published a barrage of propaganda attacks refuting Chinese allegations about Moscow's motives in pushing its detente schemes.

(continued)

FOR THE PRESIDENT ONLY

A
N
N
E
X

*FOR THE PRESIDENT ONLY*Japan

[redacted] 25X1

the Chinese have warned that Moscow is the primary threat to security in Asia. Peking has gone out of its way to say that neither Tokyo's close military ties to Washington nor the continued development of the Japanese self-defense force are obstacles to further improvement in Sino-Japanese relations. China has offered support for a permanent UN Security Council seat for Japan and endorsed Japan's territorial claims to the Soviet-held islands northeast of Hokkaido.

Most importantly, Peking has moved toward economic policies which will help expand the already substantial Sino-Japanese trade. Although the USSR is a far more attractive trading partner for Japan, at least in the short run, Peking is making a concerted effort to compete by indicating a willingness to accept long-term credits to finance the import of new technology from Japan, as well as to enter into long-term contracts to supply Japan with raw materials, including petroleum.

Support for elevating Japan's UN status poses no problem for Moscow, but Peking's open support for Japanese claims to the northern islands complicates that difficulty for the USSR. The Japanese have made return of the islands the first condition for improvement in Soviet-Japanese relations, and the Soviets have been acutely sensitive to any intimation that the Japanese might try to use improved relations with Peking to nudge the USSR into becoming more accommodating on the territorial issue.

Moscow is increasingly unhappy with the slow pace of negotiations on Japanese participation in joint projects to exploit natural resources in Siberia. There is evidence that the Soviets suspect China may be partly responsible for Tokyo's reluctance. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

Chinese Chances

China may not expect any spectacular gains from these maneuvers, but it is intent on frustrating Moscow's diplomacy as much as possible. Prospects are brighter in Asia than in Europe. Soviet-Japanese exchanges have not gone well, whereas

FOR THE PRESIDENT ONLY

Sino-Japanese negotiations are proceeding smoothly. Moreover, rapprochement with Peking has been a popular political issue in Japan, while Moscow has no similar domestic wellspring to tap. Tanaka enhanced his domestic popularity by moving quickly to normalize relations with China; he is certainly incurring no domestic liabilities by not resolving Japan's differences with the USSR.

In Europe, however, the Chinese have considerably less leverage. While Peking has succeeded in normalizing relations with all the major states of Western Europe, Moscow's proximity and its military and economic strength give the USSR a much higher priority in the minds of European decision makers. Moreover, despite Peking's efforts to revive the specters of Hungary and Czechoslovakia, West European leaders increasingly view Moscow as an essentially rational actor on the European stage. In this context, Peking's warnings about CSCE and force reductions are not likely to impede movement toward their realization. The Chinese, realizing this, have been careful not to push their position so far as to alienate the West Europeans.

Other Issues

While in recent months both sides have given highest priority to their rivalry in Europe and Japan, contention on other issues continues. In the UN, the Chinese have vehemently opposed almost everything the Soviets have favored, including Soviet disarmament proposals and the admission to the UN of Bangladesh. In Korea, the Chinese have scored points by offering early and continued support to Pyongyang's new moderate approach to the South. In the Middle East, the Chinese have sought propaganda mileage from the ouster of Soviet forces from Egypt, and in Africa the traditional rivalry continues unabated.

In Southeast Asia, the situation is more complex. On the question of peace in Vietnam, Moscow and Peking find themselves in basic agreement, and both have urged Hanoi to reach a settlement as quickly as possible. But even this convergence of views reflects a basic rivalry in still another arena--the desire of each power to court and use Washington in its contest with the other. In other parts of Southeast Asia, primarily in Cambodia, Chinese and Soviet interests fundamentally diverge, and the Soviets have recently renewed their efforts to bring about a settlement there which would exclude Prince Sihanouk, who has the backing of Peking.

(continued)

A3

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

Taken together, all of these actions suggest that the rivalry which has characterized Sino-Soviet relations now for over a decade will certainly continue, altering its focus and emphasis only to the extent that new developments alter the patterns of the global system within which Moscow and Peking operate. That this rivalry is kept within definite limits, however, is most clearly demonstrated by the fact that Sino-Soviet trade continues and has even expanded over the past year. Moscow has been willing to sell transport aircraft to China. Though deadlocked, neither side has moved to break off the border talks, and the regular annual meeting of Soviet and Chinese navigation authorities from the disputed river areas is scheduled to begin next month.

A4

FOR THE PRESIDENT ONLY

Top Secret